

Message Text

SECRET

PAGE 01 STATE 109571
ORIGIN NODS-00

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FM SECSTATE WASHDC
TO AMEMBASSY OTTAWA IMMEDIATE

S E C R E T STATE 109571

NODIS
-STADIS, FOR THE AMBASSADOR

E.O. 11652: GDS

TAGS: EMIN, CA

SUBJECT: URANIUM GRAND JURY INVESTIGATION

1. THE DEPARTMENT NOTIFIED CANADIAN AMBASSADOR TOWE
APRIL 28 OF THE TENTATIVE CONCLUSIONS BY THE DEPARTMENT
OF JUSTICE ANTITRUST DIVISION CONCERNING POSSIBLE
RECOMMENDATIONS IT MAY MAKE TO THE GRAND JURY IN ITS
INVESTIGATION OF THE URANIUM INDUSTRY. THESE ARE
PRELIMINARY CONCLUSIONS SUBJECT TO CONSULTATIONS
BETWEEN THE JUSTICE DEPARTMENT AND CANADIAN GOVERNMENT
OFFICIALS EARLY NEXT WEEK IN WASHINGTON AND TO
CONFIRMATION BY ATTORNEY GENERAL BELL ON MAY 10.
FINAL RECOMMENDATIONS WILL THEN BE SUBMITTED TO THE
GRAND JURY WHICH WILL EXPIRE MAY 12. THE FOLLOWING
TALKING POINTS (CLASSIFIED SECRET) WERE GIVEN TO THE
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AMBASSADOR.

2. BEGIN TALKING POINTS:

-- WE ARE PRESENTLY CONSIDERING THE POSSIBLE CRIMINAL
LIABILITY OF THE GULF OIL CORPORATION FOR ACTIVITIES
WHICH INCLUDE ACTIVITIES BY GULF MINERALS CANADA,

LIMITED. THIS CRIMINAL PROSECUTION, IF BROUGHT, WOULD BE FOR A MISDEMEANOR, WITH A MAXIMUM POSSIBLE PENALTY OF DOLS 50,000.

-- WE HAVE CONCLUDED THAT WE WILL NOT SEEK CRIMINAL PROSECUTION AGAINST INDIVIDUALS OR AGAINST ANY OTHER ENTERPRISE LOCATED IN CANADA.

-- WE ARE CURRENTLY FOCUSING ON THE POSSIBILITY OF A CONSPIRACY TO DISCRIMINATE WITH PREDATORY INTENT AGAINST AND BOYCOTT U.S. MIDDLEMEN, ESPECIALLY WESTINGHOUSE, IN THE UNITED STATES EXPORT MARKET FOR URANIUM SALES TO FOREIGN CUSTOMERS.

-- WE HAVE CONCLUDED THAT ON COMITY GROUNDS AND OTHER CONSIDERATIONS WE WILL NOT SEEK CRIMINAL PROSECUTION FOR THE BROADER ACTIVITIES OF THE URANIUM CLUB NOR FOR TRANSACTIONS BETWEEN CLUB MEMBERS AND U.S. UTILITIES INVOLVING POST-EMBARGO DELIVERY OF URANIUM TO U.S. END-USERS.

-- WE INVITE CANADIAN OFFICIALS TO MEET WITH JOHN SHENEFIELD AND HIS STAFF ON MONDAY OR TUESDAY, THE FIRST AND SECOND OF MAY, IN MR. SHENEFIELD'S OFFICE.

-- WE WOULD APPRECIATE RECEIVING AT THAT TIME ANY
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INFORMATION YOU CAN PROVIDE AS TO (A) WHAT WAS AGREED TO AT CLUB MEETINGS WITH RESPECT TO U.S. MIDDLEMEN, (B) WHAT WAS KNOWN TO THE CANADIAN GOVERNMENT, (C) BY WHOM IT WAS KNOWN, (D) THE SIGNIFICANCE OF THAT KNOWLEDGE, (E) WHAT WAS APPROVED BY THE CANADIAN GOVERNMENT AND IN WHAT WAYS APPROVED, AND (F) WHAT WAS DIRECTED BY THE CANADIAN GOVERNMENT AND IN WHAT WAYS DIRECTED WITH RESPECT TO SEPARATE TREATMENT FOR U.S. MIDDLEMEN.

-- FURTHER, WE WOULD APPRECIATE RECEIVING A SPECIFIC EXPLANATION OF THE VITAL NATIONAL INTERESTS OF THE CANADIAN GOVERNMENT WITH RESPECT TO CLUB ACTIVITY DIRECTED AT U.S. MIDDLEMEN AND WITH RESPECT TO A POSSIBLE U.S. ANTITRUST PROSECUTION AGAINST GULF FOR PARTICIPATION IN AN ARRANGEMENT INTENDED TO INSURE U.S. MIDDLEMEN, ESPECIALLY WESTINGHOUSE, A MAJOR COMPETITOR OF GULF'S, AND ACTUALLY INJURING U.S. MIDDLEMEN, ESPECIALLY WESTINGHOUSE.

-- JOHN SHENEFIELD HAS NOT NOW DETERMINED THAT SUCH A PROSECUTION IS WARRANTED. THERE ARE SEVERAL POSSIBLE

COURSES OF ACTION OPEN TO THE DEPARTMENT OF JUSTICE
DURING THE NEXT WEEKS.

-- THE FIRST OPTION IS TO SEEK AN INDICTMENT BY MAY
12 FROM THE GRAND JURY.

-- THE SECOND OPTION IS TO DISMISS THE GRAND JURY
AND CLOSE THE INVESTIGATION.

-- THE THIRD OPTION IS TO DISMISS THE GRAND JURY,
CONTINUE OUR INVESTIGATION AND ANALYSIS AND, AT SOME
POINT AFTER MAY 12, FILE A CRIMINAL INFORMATION CHARGING
GULF WITH AN ANTITRUST VIOLATION.

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-- A FOURTH OPTION IS TO DISMISS THE GRAND JURY,
CONTINUE OUR INVESTIGATION AND ANALYSIS AND, AT SOME
POINT AFTER MAY 12, FILE A CIVIL PROSECUTION AGAINST
GULF AND, PERHAPS, OTHER CANADIAN AND NON-CANADIAN
ENTERPRISES.

-- THE INFORMATION YOU PROVIDE EARLY NEXT WEEK COULD
BE RELEVANT TO WHICH OF THESE OPTIONS IS ULTIMATELY
SELECTED. OBVIOUSLY, TO THE EXTENT THAT INFORMATION
IS NOT PRODUCED WHICH, IF IT EXISTS, IS LOGICALLY
WITHIN YOUR CONTROL, ANY INFERENCES THAT MUST BE DRAWN
WILL BE DRAWN WITH THAT IN MIND. VANCE

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